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Brooke F Adams 10/09/2006 03:13:50 PM From DB/Inbox: Brooke F Adams

Cable
Text:

UNCLAS TRIPOLI 00565

SIPDIS
CXCAIRO:
ACTION: ECON
INFO: IPS FCS AMB AID MGT PA POL FAS DCM

DISSEMINATION: ECON
CHARGE: PROG

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FM AMEMBASSY TRIPOLI
TO RUEHC/SECSTATE WASHDC 1294
INFO RUEHTRO/AMEMBASSY TRIPOLI 1463
RUEHEG/AMEMBASSY CAIRO 0437
RUEHAS/AMEMBASSY ALGIERS 0320
RUEHTU/AMEMBASSY TUNIS 0568
RUEHRB/AMEMBASSY RABAT 0303
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
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RUEHVT/AMEMBASSY VALLETTA 0116
RUEHRO/AMEMBASSY ROME 0208

UNCLAS SECTION 01 OF 02 TRIPOLI 000565

SIPDIS

DEPARTMENT FOR NEA/MAG AND NEA/PI FOR KENT PATTON; COMMERCE FOR
NATE MASON

E.O. 12958: N/A
TAGS: [ECIN](#) [EINV](#) [ENRG](#) [ECON](#) [ETRD](#) [ETTC](#) [LY](#)
SUBJECT: BIS TEAM "CHECKS OUT" LIBYA

1. (U) Summary: The Commerce Department's Bureau of Industry and Security (BIS) completed a largely successful series of export license compliance checks September 9-19. BIS agents Scot Gonzales and Perry Davis completed dozens of checks during the BIS's first-ever visit to Libya. Levels of compliance were mixed, but the team set a baseline for future Commerce license checks and educated the GOL and local businesses about recent export rules changes germane to Libya. End summary.

First BIS visit to Libya Reviews End-Use Compliance

2. (U) Scot Gonzales and Perry Davis from the Commerce Department's Bureau of Industry and Security (BIS) conducted the first-ever series of export license checks in Libya, September 9-19. They visited numerous sites in both Tripoli and Benghazi to review compliance with U.S. export regulations. The licensed commodities under review were "dual use" items which can have both civilian and military uses. The team ensured that the controlled items had been shipped to the proper end user and were utilized for the purpose stated on license applications. They took pains to explain the purpose of their visit to their interlocutors, emphasizing that BIS conducts end-use checks worldwide, and that a successful review of an entity's record can speed future license approvals.

3. (U) The BIS team's visit came on the heels of the August 31 amendment to the Export Administration Regulations (EAR) that apply to Libya. This change removed the requirement for a license to export or re-export items controlled for anti-terrorism (AT) reasons. With the change, items such as most computers, software, telecommunications equipment and

vehicles can be exported to Libya without a Commerce export license. The BIS team addressed questions about the EAR change, which put Libya on a par with most US export destinations, noting that many of the commodities being checked would no longer require licenses for export and re-export to Libya.

Installed Base Responsibilities Briefed to Interlocutors

14. (U) During their visit, the BIS team reminded interlocutors about their responsibilities in dealing with "installed base" items. Installed base refers to U.S. goods brought into the country during the sanctions period without appropriate licenses. U.S. citizens are prohibited from "ordering, buying, removing, concealing, storing, using, selling, loaning, disposing of, transferring, financing, forwarding, or otherwise servicing, in whole or part, any items that may have been originally illegally exported or reexported to Libya by third parties." Furthermore, US citizens are required by law to report such items to the Bureau of Industry and Security within 90 days of coming into contact with them. This includes commodities that no longer require a Commerce license following the August 31 amendment of the EAR as it relates to Libya. Installed base items are undoubtedly present in every sector of the Libyan economy, particularly in agriculture.

15. (SBU) The BIS team's license checks focused primarily on companies working in the petroleum sector, including Conoco Philips, Marathon, Schlumberger, Hess, and WesternGeco, among others. Two large Libyan government entities, the Arabian Gulf Oil Company and the Great Man-Made River Authority, were also visited. The quality of the license checks ranged widely. At the high end were impressive displays of corporate compliance, complete with PowerPoint slide shows, tidy binders of appropriate paperwork and export compliance specialists flown in from abroad. In a few instances, equipment was pulled from the field (e.g., GPS units used by petroleum exploration crews operating deep in the Libyan desert) to be presented to the BIS team for inspection. Other checks were conducted without the benefit of a visual inspection of the licensed items, owing to their reported ongoing use in remote areas of the country.

Appointment Requests Encounter Stunning Bureaucratic Evasion

16. (SBU) One failed license check spoke volumes about the frustrations of operating in Libya. The BIS team, accompanied by Econoff and Econ Specialist, had flown to Benghazi to conduct several checks at GOL owned/operated facilities. Appointments set before departure dissolved by 9AM the following day, and the team was forced into a holding pattern. As required, a request for these USG-GOL meetings had been made in advance via diplomatic note, and approval had been granted by the Protocol Office of the General People's Committee for Foreign Liaison and International Cooperation. However, this fact had not reached the Libyan entities, and it took more than a day of continuous phone calls to clarify the situation and commence office visits.

However, the quasi-private Bank of Commerce and Development engaged in a stunning display of bureaucratic evasion tactics, and avoided a visit entirely. After much effort to contact him, our bank point of contact confirmed receipt of protocol's approval for the meeting, as well as his superior's approval of the meeting in principle. However, he staunchly and repeatedly refused a meeting, on the grounds that he had not personally received his supervisor's personal permission to hold the meeting. Alas, neither reason nor his supervisor could be reached, and the team's trip passed without a visit to the Bank of Commerce and Development. It is noteworthy that in Libya, even a visit to a "private" bank can require expediting by the Libyan Government Protocol Office, and the extra level of coordination does not guarantee success.

Check You Later

17. (U) The BIS team departed Libya having conducted dozens of end-use license checks, almost all of which produced solid evidence that end items were being utilized and controlled properly. With the amendment of the EAR, return of U.S. oil companies and the expansion of bilateral trade and investment ties, future Commerce license checks are likely to focus on a narrower, more sensitive range of commodities. Agents Gonzales and Davis did not clear this cable.
BERRY